United Nations S/2015/562

Security Council

Distr.: General
29 July 2015

Original: English

Australia, Belgium, Canada, France, Germany, Ireland, Israel, Italy, Lithuania, Malaysia, Netherlands, New Zealand, Philippines, Romania, Spain, Ukraine, United Kingdom of Great Britain and Northern Ireland and United States of America: draft resolution

The Security Council,

Reaffirming its resolution 2166 (2014) of 21 July 2014 on the downing of Malaysia Airlines flight MH 17 on 17 July 2014 in Donetsk Oblast, Ukraine concerning the tragic loss of 298 lives, in which it demanded that those responsible for this incident be held to account and that all States cooperate fully with efforts to establish accountability,

Recalling its resolution 2202 (2015) of 17 February 2015, which reaffirmed resolution 2166,

Noting the Preliminary Report into the cause of the crash by the Dutch Safety Board entrusted with the investigation in accordance with Annex 13 of the Convention on International Civil Aviation, issued on 9 September 2014, which identified that the aircraft was destroyed by a large number of high energy objects that penetrated the aircraft from the outside, recalling the briefing of the Council on 19 September 2014 and *noting also* the resolution on MH17 adopted by the Council of the International Civil Aviation Organisation on 28 October 2014,

Reaffirming the rules of international law that prohibit acts of violence that pose a threat to the safety of international civil aviation and in this regard deploring all other acts of violence against civilian aircraft,

Noting also the letters addressed to this Council by the Government of the Netherlands dated 16 December 2014 (S/2014/903) and 20 July 2015 (S/2015/551), respectively announcing the creation of a Joint Investigation Team to coordinate the international criminal investigation, with the aim of bringing the perpetrators to justice, and providing an update in relation to the status of that investigation, as well as the recovery and repatriation mission and the international technical investigation into the cause of the crash,

Deeply concerned by all acts of violence that pose a threat to the safety of civil aviation,

Determining that this violent act and its implications for the safety of civil aviation constitute a threat to international peace and security,

Please recycle

Determined to deter future attacks on civil aircraft and to take effective measures to bring to justice the persons who are responsible for this incident,

Believing that the establishment of an international tribunal and the prosecution of persons responsible for this incident will contribute to the safety of civil aviation and to maintenance of international peace and security,

Convinced that in the particular circumstances of this incident, the establishment of an international tribunal would be an effective guarantee for an independent and impartial accountability process in accordance with international standards,

Referring to the letter from the Governments of Australia, Belgium, Malaysia, The Netherlands and Ukraine dated 10 July 2015 (S/2015/528), and *acknowledging* their commitment to ensuring the effective functioning of an international tribunal, which will build upon the work of the Joint Investigation Team,

Acting under Chapter VII of the Charter of the United Nations,

1. *Reiterates* its deepest sympathies and condolences to the families of the victims of this incident and to the people and governments of the victims' countries of origins;

2. *Demands* that all States and other actors refrain from acts of violence directed against civilian aircraft;

3. *Calls upon* all States and actors in the region to accord full cooperation in the conduct of the international investigation of this incident as required by Resolution 2166 (2014);

4. *Requests* the States working together in the Joint Investigation Team to continue to keep the Council fully and regularly informed of the progress of its investigation as appropriate and without prejudice to the confidentiality of the criminal investigation;

5. *Urges* the earliest possible finalization of the international technical investigation into the cause of the crash and the criminal investigation, without prejudice to the quality of those investigations;

6. *Decides* to establish an international tribunal for the sole purpose of prosecuting persons responsible for crimes connected with the downing of Malaysia Airlines flight MH17 on 17 July 2014 in Donetsk Oblast, Ukraine, and to this end adopts the Statute of the International Criminal Tribunal for Malaysia Airlines Flight MH17 annexed hereto;

7. *Decides* that all States shall cooperate fully with the International Tribunal and its organs in accordance with the present resolution and the Statute of the International Tribunal, and that consequently, all States shall take any measures necessary under their domestic law to implement the provisions of the present resolution and the Statute, including the obligation of States to comply with requests for assistance or orders issued in accordance with the Statute of the International Tribunal, and requests States to keep the Secretary-General informed of such measures;

8. *Decides* that the International Tribunal shall be funded through voluntary contributions and *encourages* States and intergovernmental and non-governmental

organizations to contribute funds, equipment and services to the International Tribunal, including the offer of expert personnel;

9. *Decides* that the determination of the seat of the International Tribunal is subject to the conclusion of appropriate arrangements between the United Nations and the Netherlands acceptable to the Council, and that the International Tribunal may sit elsewhere when it considers it necessary for the efficient exercise of its functions;

10. *Decides* also that the work of the International Tribunal shall be carried out without prejudice to the existing right of the families of victims to seek, through appropriate means, compensation;

11. *Requests* the Secretary-General to implement this resolution urgently, and in particular, to make all practical arrangements, when appropriate in coordination with the Governments of Australia, Belgium, Malaysia, The Netherlands and Ukraine, for the effective functioning of the International Tribunal at the earliest time and to report to the Council periodically on the implementation of this resolution;

12. *Decides* to remain actively seized of the matter.

Annex

Statute of the International Criminal Tribunal for Malaysia Airlines Flight MH17 (ICTMH17)

Statute

International Criminal Tribunal for Malaysia Airlines Flight MH17

Having been established by the Security Council acting under Chapter VII of the Charter of the United Nations, the International Criminal Tribunal for Malaysia Airlines Flight MH17 (hereinafter referred to as "the Tribunal"), shall function and exercise its jurisdiction in accordance with the provisions of the present Statute.

Section I
Jurisdiction of the Tribunal

Article 1
Crimes within the jurisdiction of the Tribunal

1. The Tribunal shall have jurisdiction over persons responsible for crimes connected with the downing of Malaysia Airlines flight MH17 on 17 July 2014.

2. Subject to paragraph 1, the Tribunal has jurisdiction in accordance with this Statute with respect to the following crimes:

   (a) War crimes, as defined in article 2;

   (b) Crimes against the safety of civil aviation, as defined in article 3; and

   (c) Crimes under the Criminal Code of Ukraine, as defined in article 4.

Article 2
War crimes

For the purpose of this Statute, war crimes means:

(a) The following grave breach of the Geneva Conventions of 12 August 1949, namely, wilful killing when committed against a person protected under the provisions of the Geneva Convention relative to the Protection of Civilian Persons in Time of War.

(b) Other serious violations of the laws and customs applicable in international armed conflict, within the established framework of international law, namely, any of the following acts:

   (i) Intentionally directing attacks against the civilian population as such or against individual civilians not taking direct part in hostilities;

   (ii) Intentionally directing attacks against civilian objects, that is, objects which are not military objectives.

(c) In the case of an armed conflict, not of an international character, serious violations of Article 3 common to the Geneva Conventions of 12 August 1949, namely, violence to life and person, in particular murder of all kinds, mutilation, cruel treatment and torture committed against persons taking no active part in armed hostilities.

(d) Other serious violations of the laws and customs applicable in armed conflicts not of an international character, within the established framework of international law, namely, intentionally directing attacks against the civilian population as such or against individual civilians not taking direct part in hostilities.

Article 3
Crimes against the safety of civil aviation

For the purpose of this Statute, crimes against the safety of civil aviation means destroying, damaging or endangering the safety of aircraft as defined in section 9 of the Aviation Offences Act 1984 of Malaysia.

Article 4
Crimes under the Criminal Code of Ukraine

For the purpose of this Statute, crimes under the Criminal Code of Ukraine means:

(a) Murder as defined in Article 115;

(b) Negligent homicide as defined in Article 119;

(c) Wilful destruction of, or damage to, property as defined in Article 194;

(d) Smuggling as defined in Article 201;

(e) Crimes against public safety as defined in Articles 258 and 258-3 to 258-5;

(f) Unlawful handling of weapons, ammunition or explosives as defined in Article 263;

(g) Concealment of a criminal offense as defined in Article 396;

(h) Trespass against life of a foreign state representative as defined in Article 443.

Section II
Provisions applicable to all Crimes

Article 5
Personal jurisdiction

The Tribunal shall have jurisdiction over natural persons pursuant to the provisions of the present Statute.

Article 6
Exclusion of jurisdiction over persons under eighteen

The Tribunal shall have no jurisdiction over any person who was under the age of 18 at the time of the alleged commission of a crime.

Article 7
Irrelevance of official capacity

1. This Statute shall apply equally to all persons without any distinction based on official capacity. In particular, official capacity as a Head of State or Government, a member of a government or parliament, an elected representative or a government official shall in no case exempt a person from criminal responsibility under this Statute, nor shall it, in and of itself, constitute a ground for reduction of sentence.

2. Immunities or special procedural rules which may attach to the official capacity of a person, whether under national or international law, shall not bar the Tribunal from exercising its jurisdiction over such a person.

Article 8
Statutes of limitation

The crimes defined in article 2 shall not be subject to any statute of limitation. Where a statute of limitation applies under national law, the statute of limitation for crimes defined in articles 3 and 4 is extended by 15 years.

Article 9
Individual criminal responsibility

A person who commits a crime within the jurisdiction of the Tribunal shall be individually responsible and liable for punishment in accordance with this Statute.

Article 10
Concurrent jurisdiction

1. The Tribunal and national courts shall have concurrent jurisdiction over persons responsible for crimes connected with the downing of Malaysia Airlines flight MH17 on 17 July 2014.

2. The Tribunal shall have primacy over national courts. At any stage of proceedings before a national court, the Tribunal may formally request that national court to defer to the competence of the Tribunal in accordance with this Statute and the Rules of Procedure and Evidence, if the interests of justice so require.

3. The Tribunal shall have the authority to refer a case to a national court where the interests of justice so require.

Article 11
Ne bis in idem

1. Except as provided in this Statute, no person shall be tried before the Tribunal with respect to conduct that formed the basis of crimes for which the person has been convicted or acquitted by the Tribunal.

2. No person shall be tried by another court for a crime referred to in article 1(2) for which that person has already been convicted or acquitted by the Tribunal.

3. No person who has been tried by another court for conduct referred to in article 1(2) shall be tried by the Tribunal with respect to the same conduct unless the proceedings in the other court:

a) Were for the purpose of shielding the person concerned from criminal responsibility for crimes within the jurisdiction of the Tribunal; or

b) Otherwise were not conducted independently or impartially in accordance with the norms of due process recognized by international law and were conducted in a manner which, in the circumstances, was inconsistent with an intent to bring the person concerned to justice.

Article 12
Amnesty

An amnesty granted to any person for any crime falling within the jurisdiction of the Tribunal shall not be a bar to prosecution or punishment.

Section III
Provisions applicable to crimes defined in Article 2

Article 13
Individual criminal responsibility for crimes defined in article 2

A person shall be criminally responsible and liable for punishment for war crimes if that person:

(a) Commits such a crime, whether as an individual, jointly with another or through another person, regardless of whether that other person is criminally responsible;

(b) Orders, solicits or induces the commission of such a crime which in fact occurs or is attempted;

(c) For the purpose of facilitating the commission of such a crime, aids, abets or otherwise assists in its commission or its attempted commission, including providing the means for its commission;

(d) In any other way contributes to the commission or attempted commission of such a crime by a group of persons acting with a common purpose. Such contribution shall be intentional and shall either:

(i) Be made with the aim of furthering the criminal activity or criminal purpose of the group, where such activity or purpose involves the commission of a crime within the jurisdiction of the Tribunal; or

(ii) Be made in the knowledge of the intention of the group to commit the crime;

(e) Attempts to commit such a crime by taking action that commences its execution by means of a substantial step, but the crime does not occur because of circumstances independent of the person's intentions. However, a person who abandons the effort to commit the crime or otherwise prevents the completion of the crime shall not be liable for punishment under this Statute for the attempt to commit that crime if that person completely and voluntarily gave up the criminal purpose.

Article 14
Responsibility of commanders and other superiors

In addition to other grounds of criminal responsibility under this Statute, in relation to war crimes:

(a) A military commander or person effectively acting as a military commander shall be criminally responsible for crimes within the jurisdiction of the Tribunal committed by forces under his or her effective command and control, or effective authority and control as the case may be, as a result of his or her failure to exercise control properly over such forces, where:

(i) That military commander or person either knew or, owing to the circumstances at the time, should have known that the forces were committing or about to commit such crimes; and

(ii) That military commander or person failed to take all necessary and reasonable measures within his or her power to prevent or repress their commission or to submit the matter to the competent authorities for investigation and prosecution.

(b) With respect to superior and subordinate relationships not described in paragraph (a), a superior shall be criminally responsible for crimes within the jurisdiction of the Tribunal committed by subordinates under his or her effective authority and control, as a result of his or her failure to exercise control properly over such subordinates, where:

(i) The superior either knew, or consciously disregarded information which clearly indicated, that the subordinates were committing or about to commit such crimes;

(ii) The crimes concerned activities that were within the effective responsibility and control of the superior; and

(iii) The superior failed to take all necessary and reasonable measures within his or her power to prevent or repress their commission or to submit the matter to the competent authorities for investigation and prosecution.

Article 15
Grounds for excluding criminal responsibility for war crimes

In addition to other grounds for excluding criminal responsibility provided for in this Statute, a person shall not be criminally responsible for a war crime if, at the time of that person's conduct:

(a) The person suffers from a mental disease or defect that destroys that person's capacity to appreciate the unlawfulness or nature of his or her conduct, or capacity to control his or her conduct to conform to the requirements of law;

(b) The person is in a state of intoxication that destroys that person's capacity to appreciate the unlawfulness or nature of his or her conduct, or capacity to control his or her conduct to conform to the requirements of law, unless the person has become voluntarily intoxicated under such

circumstances that the person knew, or disregarded the risk, that, as a result of the intoxication, he or she was likely to engage in conduct constituting a crime within the jurisdiction of the Tribunal;

(c) The person acts reasonably to defend himself or herself or another person or, in the case of war crimes, property which is essential for the survival of the person or another person or property which is essential for accomplishing a military mission, against an imminent and unlawful use of force in a manner proportionate to the degree of danger to the person or the other person or property protected. The fact that the person was involved in a defensive operation conducted by forces shall not in itself constitute a ground for excluding criminal responsibility under this subparagraph;

(d) The conduct which is alleged to constitute a crime within the jurisdiction of the Tribunal has been caused by duress resulting from a threat of imminent death or of continuing or imminent serious bodily harm against that person or another person, and the person acts necessarily and reasonably to avoid this threat, provided that the person does not intend to cause a greater harm than the one sought to be avoided. Such a threat may either be:

(i) Made by other persons; or

(ii) Constituted by other circumstances beyond that person's control.

Article 16
Mistake of fact or mistake of law

1. A mistake of fact shall be a ground for excluding criminal responsibility for a war crime only if it negates the mental element required by the crime.

2. A mistake of law as to whether a particular type of conduct is a war crime shall not be a ground for excluding criminal responsibility.

Article 17
Superior orders and prescription of law

The fact that a war crime has been committed by a person pursuant to an order of a government or of a superior, whether military or civilian, shall not relieve that person of criminal responsibility unless:

(a) The person was under a legal obligation to obey orders of the government or the superior in question;

(b) The person did not know that the order was unlawful; and

(c) The order was not manifestly unlawful.

Section IV
Provisions applicable to crimes defined in articles 3 and 4

Article 18
Provisions applicable to crimes defined in article 3

With respect to crimes defined in article 3, the Tribunal shall apply section 13 of the Aviation Offences Act 1984 of Malaysia, and Chapters IV (General Exceptions), V (Abetment) and VA (Criminal Conspiracy) of the Penal Code of Malaysia and other provisions of the substantive criminal law of Malaysia considered relevant by the Tribunal in the context of the specific criminal proceedings, and compatible with this Statute and internationally recognised norms and standards.

Article 19
Provisions applicable to crimes defined in article 4

With respect to the crimes defined in article 4, the Tribunal shall apply Chapters III (Criminal offense, its types and stages), V (Guilt and its forms), VI (Complicity), and VIII (Circumstances excluding criminality of an action) of the Criminal Code of Ukraine and other provisions of the substantive criminal law of Ukraine considered relevant by the Tribunal in the context of the specific criminal proceedings, and compatible with the Statute and internationally recognised norms and standards.

Section V
Organization of the Tribunal

Article 20
Organs of the Tribunal

The Tribunal shall consist of the following organs:

(a) The Chambers, comprising a Pre-Trial Judge, a Trial Chamber and an Appeals Chamber;

(b) The Prosecutor;

(c) The Registry.

Article 21
Composition of the Chambers

1. The Chambers shall be composed as follows:

   (a) One Pre-Trial Judge;

   (b) A Trial Chamber composed of three (3) judges;

   (c) An Appeals Chamber composed of five (5) judges;

   (d) Two (2) alternate judges.

2. The judges of the Trial Chamber and the judges of the Appeals Chamber, respectively, shall elect a presiding judge who shall conduct the proceedings in the Chamber to which he or she was elected.

3. The presiding judge of the Appeals Chamber shall be President of the Tribunal.

4. The President of the Tribunal may, in the interests of justice, assign an alternate judge to replace a judge, if that judge is unable to continue sitting.

5. A judge shall serve only in the Chamber to which he or she was assigned.

Article 22
Qualifications of judges

1. The judges shall be chosen from among persons of high moral character, impartiality and integrity who possess the qualifications required in their respective States for appointment to the highest judicial offices. They shall be independent in the performance of their functions and shall not accept or seek instructions from any government or any other source.

2. Every nominee for the position of judge of the Tribunal shall have established competence in criminal law and procedure, taking into account the need for the Tribunal to apply international law as well as the domestic laws of Malaysia and Ukraine, and shall preferably have relevant experience, whether as judge, prosecutor, advocate or in other similar capacity, in criminal proceedings.

3. Every nominee for the position of judge of the Tribunal shall have an excellent knowledge of and be fluent in the working language of the Tribunal.

Article 23
Appointment of judges

1. At the invitation of the Secretary-General of the United Nations, States may nominate candidates for the position of judge of the Tribunal.

2. The Secretary-General shall appoint judges, as and when the functioning of the Tribunal so requires. Appointments are made upon the recommendation of a selection panel he or she has established after indicating his or her intentions to the Security Council. The selection panel shall be composed of two judges, currently sitting on or retired from an international criminal tribunal, and a representative of the Secretary-General.

3. No two judges of the same nationality shall be appointed.

4. The judges shall be appointed for a five-year period and may be eligible for reappointment for a further period to be determined by the Secretary-General.

Article 24
Powers of the President of the Tribunal

1. The President of the Tribunal shall be responsible for ensuring the efficiency and effectiveness of the Tribunal.

2. In addition to his or her judicial functions, the President of the Tribunal shall represent the Tribunal.

3. The President of the Tribunal shall submit an annual report of the Tribunal to the Security Council and to the General Assembly.

Article 25
The Prosecutor

1. The Prosecutor shall be responsible for investigations, taking into account the investigation by the Joint Investigation Team referred to in letter S/2014/903 dated 16 December 2014 (Joint Investigation Team), and for the prosecution of persons responsible for the crimes falling within the jurisdiction of the Tribunal.

2. The Prosecutor shall act independently as a separate organ of the Tribunal. He or she shall not seek or receive instructions from any government or from any other source.

3. The Office of the Prosecutor shall be composed of a Prosecutor and such other qualified staff as may be required. With regard to the composition of the staff the Prosecutor shall take into account the need to liaise effectively with the next of kin of victims.

4. At the invitation of the Secretary-General, States may nominate candidates for the position of Prosecutor of the Tribunal. The Prosecutor shall be appointed by the Secretary-General.

5. The Prosecutor shall be of high moral character and possess the highest level of competence and experience in the conduct of investigations and prosecutions of criminal cases. The Prosecutor shall serve for a five-year term and be eligible for reappointment. The terms and conditions of service of the Prosecutor shall be those of an Under-Secretary-General of the United Nations.

6. The staff of the Office of the Prosecutor shall be appointed by the Secretary-General on the recommendation of the Prosecutor.

Article 26
The Registry

1. The Registry shall be responsible for the administration and servicing of the Tribunal.

2. The Registry shall consist of a Registrar and such other staff as may be required.

3. The Registrar shall be appointed by the Secretary-General after consultation with the President of the Tribunal. He or she shall serve for a five-year term and be eligible for reappointment. The terms and conditions of service of the Registrar shall be those of an Assistant Secretary-General of the United Nations.

4. The staff of the Registry shall be appointed by the Secretary-General on the recommendation of the Registrar.

5. The Registry shall include within it a Defence Office, which will administer, on behalf of the Registrar, a list of Defence Counsel eligible to practice before the Tribunal, as well as a system of legal aid for representation of indigent or partially indigent accused before the Tribunal.

6. The Registry shall include within it a Witness Protection and Support Office, which shall implement, in consultation where appropriate with the Prosecutor's Office or Defence Counsel, court ordered or otherwise necessary protective measures and security arrangements, counselling and other appropriate assistance for witnesses and others who are at risk on account of testimony given by witnesses.

Article 27
Working language

The working language of the Tribunal shall be English.

Article 28
Rules of Procedure and Evidence

The judges of the Tribunal shall, as soon as practicable after taking office, adopt rules of procedure and evidence for the conduct of the trials and appeals, the admission of evidence, the protection of witnesses and other appropriate matters, and may amend them as appropriate.

Section VI
Investigation and prosecution

Article 29
Joint Investigation Team

The Prosecutor shall receive and consider evidence collected by the Joint Investigation Team.

Article 30
Investigation and preparation of indictment

1. The Prosecutor shall initiate investigations *proprio motu* or on the basis of information obtained from any source, particularly from governments, United Nations organs, intergovernmental and non-governmental organizations, as necessary and appropriate, taking into account the investigation conducted by the Joint Investigation Team. The Prosecutor shall assess the information received or obtained and decide whether there is sufficient basis to proceed.

2. The Prosecutor may:

   (a) Collect and examine evidence;

   (b) Request the presence of and question persons being investigated and witnesses;

   (c) Seek the cooperation of any State or intergovernmental organization or arrangement in accordance with its respective competence or mandate;

   (d) Agree not to disclose, at any stage of the proceedings, documents or information that the Prosecutor obtains on the condition of confidentiality and solely for the purpose of generating new evidence, unless the provider of the information consents; and

(e) Take necessary measures, or request that necessary measures be taken, to ensure the confidentiality of information, the protection of any person or the preservation of evidence.

3. Upon a determination that a *prima facie* case exists, the Prosecutor shall prepare an indictment containing a concise statement of the facts and the crime or crimes with which the accused is charged under this Statute. The indictment shall be transmitted to the Pre-Trial Judge.

Article 31
Review of the indictment

1. The Pre-Trial Judge to whom the indictment has been transmitted shall review it. If satisfied that a *prima facie* case has been established by the Prosecutor, he or she shall confirm the indictment. If not so satisfied, the indictment shall be dismissed.

2. Upon confirmation of an indictment, the Pre-Trial Judge may, at the request of the Prosecutor, issue such orders and warrants for the arrest, detention, surrender or transfer of persons, and any other orders as may be required for the conduct of the trial.

Section VII
Rights of the accused and other persons

Article 32
Rights of persons during an investigation

1. In respect of an investigation under this Statute, a person:

(a) Shall not be compelled to incriminate himself or herself or to confess guilt;

(b) Shall not be subjected to any form of coercion, duress or threat, to torture or to any other form of cruel, inhuman or degrading treatment or punishment;

(c) Shall, if questioned in a language other than a language the person fully understands and speaks, have, free of any cost, the assistance of a competent interpreter and such translations as are necessary to meet the requirements of fairness; and

(d) Shall not be subjected to arbitrary arrest or detention, and shall not be deprived of his or her liberty except on such grounds and in accordance with such procedures as are established in this Statute.

2. Where there are grounds to believe that a person has committed a crime within the jurisdiction of the Tribunal and that person is about to be questioned either by the Prosecutor, or by national authorities pursuant to a request made by the Tribunal, that person shall also have the following rights of which he or she shall be informed prior to being questioned:

(a) To be informed, prior to being questioned, that there are grounds to believe that he or she has committed a crime within the jurisdiction of the Tribunal;

(b) To remain silent, without such silence being a consideration in the determination of guilt or innocence;

(c) To have legal assistance of the person's choosing, or, if the person does not have legal assistance, to have legal assistance assigned to him or her, in any case where the interests of justice so require, and without payment by the person in any such case if the person does not have sufficient means to pay for it; and

(d) To be questioned in the presence of counsel unless the person has voluntarily waived his or her right to counsel.

Article 33
Rights of the accused

1. Everyone shall be presumed innocent until proven guilty before the Tribunal. The onus is on the Prosecutor to prove the guilt of the accused. In order to convict the accused, the Tribunal must be convinced of the guilt of the accused beyon ! reasonable doubt.

2. In the determination of any charge, the accused shall be entitled to a public hearing, having regard to the provisions of this Statute, to a fair hearing conducted impartially, and to the following minimum guarantees, in full equality:

(a) To be informed promptly and in detail of the nature, cause and content of the charge, in a language which the accused fully understands and speaks;

(b) To have adequate time and facilities for the preparation of the defence and to communicate freely with counsel of the accused's choosing in confidence;

(c) To be tried without undue delay;

(d) Without prejudice to article 38, to be present at the trial, to conduct the defence in person or through legal assistance of the accused's choosing, to be informed, if the accused does not have legal assistance, of this right and to have legal assistance assigned by the Tribunal in any case where the interests of justice so require, and without payment if the accused lacks sufficient means to pay for it;

(e) To examine, or have examined, the witnesses against him or her and to obtain the attendance and examination of witnesses on his or her behalf under the same conditions as witnesses against him or her. The accused shall also be entitled to raise defences and to present other evidence admissible under this Statute;

(f) To have, free of any cost, the assistance of a competent interpreter and such translations as are necessary to meet the requirements of fairness, if any of the proceedings of or documents presented to the Tribunal are not in a language which the accused fully understands and speaks;

(g) Not to be compelled to testify or to confess guilt and to remain silent, without such silence being a consideration in the determination of guilt or innocence;

(h) To make an unsworn oral or written statement in his or her defence; and

(i) Not to have imposed on him or her any reversal of the burden of proof or any onus of rebuttal.

3. In addition to any other disclosure provided for in this Statute, the Prosecutor shall, as soon as practicable, disclose to the defence evidence in the Prosecutor's possession or control which he or she believes shows or tends to show the innocence of the accused, or to mitigate the guilt of the accused, or which may affect the credibility of prosecution evidence. In case of doubt as to the application of this paragraph, the Tribunal shall decide.

Article 34
Protection of witnesses

1. The Tribunal shall take appropriate measures to protect the safety, physical and psychological well-being, dignity and privacy of witnesses. In so doing, the Tribunal shall have regard to all relevant factors, including age, gender and health, and the nature of the crime. The Prosecutor shall take such measures particularly during the investigation and prosecution of such crimes. These measures shall not be prejudicial to or inconsistent with the rights of the accused and a fair and impartial trial.

2. As an exception to the principle of public hearings provided for in article 36(4) the Chambers of the Tribunal may, to protect witnesses or an accused, conduct any part of the proceedings in camera or allow the presentation of evidence by electronic or other special means.

3. Where the disclosure of evidence or information pursuant to this Statute may lead to the grave endangerment of the security of a witness or his or her family, the Prosecutor may, for the purposes of any proceedings conducted prior to the commencement of the trial, withhold such evidence or information and instead submit a summary thereof. Such measures shall be exercised in a manner which is not prejudicial to or inconsistent with the rights of the accused and a fair and impartial trial.

Article 35
Confidential information

A State may make an application for necessary measures to be taken in respect of the protection of its servants or agents and the protection of confidential or sensitive information.

Section VIII
Conduct of proceedings

Article 36
Commencement and conduct of trial proceedings

1. The Trial Chamber shall ensure that a trial is fair and expeditious and that proceedings are conducted in accordance with the Rules of Procedure and Evidence, with full respect for the rights of the accused and due regard for the protection of witnesses.

2. A person against whom an indictment has been confirmed shall, pursuant to an order or an arrest warrant of the Tribunal, be taken into custody, immediately informed of the charges against him and transferred to the Tribunal.

3. The Trial Chamber shall read the indictment, satisfy itself that the rights of the accused are respected, confirm that the accused understands the indictment, and instruct the accused to enter a plea. The Trial Chamber shall then set the date for trial.

4. The hearings shall be public unless the Trial Chamber decides to close the proceedings in accordance with article 34(2) and its Rules of Procedure and Evidence.

Article 37
Powers of the Chambers

1. The Tribunal shall confine the trial, appellate and review proceedings strictly to an expeditious hearing of the issues raised by the charges, or the grounds for appeal or review, respectively. It shall take strict measures to prevent any action that may cause unreasonable delay.

2. A Chamber may admit any relevant evidence that it deems to have probative value and exclude such evidence if its probative value is substantially outweighed by the need to ensure a fair trial.

3. A Chamber may receive the evidence of a witness orally or, where the interests of justice allow, in written form.

4. A Chamber shall respect and observe privileges on confidentiality as provided for in the Rules of Procedure and Evidence.

5. A Chamber shall not require proof of facts of common knowledge but may take judicial notice of them.

6. Evidence obtained by means of a violation of this Statute or internationally recognized human rights shall not be admissible if:

   (a) The violation casts substantial doubt on the reliability of the evidence; or

   (b) The admission of the evidence would be antithetical to and would seriously damage the integrity of the proceedings.

7. When deciding on the relevance or admissibility of evidence collected by a State, the Chamber shall not rule on the application of the State's national law.

8. In cases not otherwise provided for in the Rules of Procedure and Evidence, a Chamber shall apply rules of evidence that will best favour a fair determination of the matter before it and are consonant with the spirit of the Statute and the general principles of law.

Article 38
Trials *in absentia*

1. The Tribunal may conduct trial proceedings in the absence of the accused, if he or she:

   (a) Has not been handed over to the Tribunal by the State authorities concerned; or

(b) Has absconded or otherwise cannot be found and all reasonable steps have been taken to secure his or her appearance before the Tribunal and to inform him or her of the charges confirmed by the Tribunal.

2. When hearings are conducted in the absence of the accused, the Tribunal shall ensure that:

(a) The accused has been notified, or served with the indictment, or notice has otherwise been given of the indictment through publication in the media or communication to the State of residence or nationality;

(b) The accused has designated a defence counsel of his or her own choosing, to be remunerated either by the accused or, if the accused is proved to be indigent, by the Tribunal;

(c) Whenever the accused refuses or fails to appoint a defence counsel, such counsel has been assigned by the Tribunal with a view to ensuring full representation of the interests and rights of the accused.

3. In case of conviction *in absentia*, the accused shall have the right to be retried in his or her presence before the Tribunal, unless he or she accepts the judgment or had waived expressly and unequivocally his or her right to be present at the trial.

Article 39
Plea agreement

1. The Prosecutor and the Defence may agree that, upon the accused entering a plea of guilty to the indictment or to one or more counts of the indictment, the Prosecutor shall do one or more of the following before the Trial Chamber:

(a) apply to amend the indictment accordingly;

(b) submit that a specific sentence or sentencing range is appropriate;

(c) not oppose a request by the accused for a particular sentence or sentencing range.

2. The Trial Chamber shall not be bound by any agreement specified in paragraph 1 but shall duly consider it, taking into account the importance of an efficient and expeditious criminal procedure.

Article 40
Offences against the administration of justice

1. The Tribunal shall have jurisdiction over the following offences against its administration of justice when committed intentionally:

(a) Giving false testimony when under an obligation to tell the truth;

(b) Presenting evidence that the party knows is false or forged;

(c) Corruptly influencing a witness, obstructing or interfering with the attendance or testimony of a witness, retaliating against a witness for giving testimony or destroying, tampering with or interfering with the collection of evidence;

(d) Impeding, intimidating or corruptly influencing an official of the Tribunal for the purpose of forcing or persuading the official not to perform, or to perform improperly, his or her duties;

(e) Retaliating against an official of the Tribunal on account of duties performed by that or another official;

(f) Soliciting or accepting a bribe as an official of the Tribunal in connection with his or her official duties.

2. The Tribunal shall have jurisdiction over offences against the administration of justice committed by natural persons and legal persons.

3. The principles and procedures governing the Tribunal's exercise of jurisdiction over offences under this article shall be those provided for in the Rules of Procedure and Evidence.

4. In the event of conviction, the Tribunal may impose a term of imprisonment not exceeding five years, or a fine in accordance with the Rules of Procedure and Evidence, or both.

Article 41
Judgment

1. The Trial Chamber's judgment shall be based on its evaluation of the evidence and the entire proceedings. The judgment shall not exceed the facts and circumstances described in the charges and any amendments to the charges. The Tribunal may base its judgment only on evidence submitted and discussed before it at the trial.

2. The judges shall attempt to achieve unanimity in their judgment, failing which the decision shall be taken by a majority of the judges.

3. The deliberations of the Trial Chamber shall remain secret.

4. The judgment shall be in writing and shall contain a full and reasoned statement of the Trial Chamber's findings on the evidence and conclusions. The Trial Chamber shall issue one judgment. When there is no unanimity, the Trial Chamber's judgment shall contain the views of the majority and the minority. The judgment or a summary thereof shall be delivered in open court.

Article 42
Participation of the next of kin of victims

The Tribunal shall permit the next of kin of victims to present their views and concerns at the sentencing stage of the proceedings, in a manner that is not prejudicial to or inconsistent with the rights of the accused and a fair and impartial trial, and in accordance with the Rules of Procedure and Evidence.

Article 43
Penalties

1. The Trial Chamber shall impose upon a convicted person imprisonment for a specified number of years which may not exceed a maximum of 30 years or for life when justified by the extreme gravity of the crime and the individual circumstances of the convicted person. In determining the terms of

imprisonment for the crimes provided for in this Statute, the Trial Chamber shall have recourse to international practice regarding prison sentences and, where appropriate, to the practice of the national courts of Ukraine or Malaysia.

2. In imposing sentence, the Trial Chamber should take into account such factors as the gravity of the offence and the individual circumstances of the convicted person.

3. In imposing a sentence of imprisonment, the Tribunal shall deduct the time, if any, previously spent in detention in accordance with an order of the Tribunal. The Tribunal may deduct any time otherwise spent in detention in connection with conduct underlying the crime.

4. When a person has been convicted of more than one crime, the Tribunal shall pronounce a sentence for each crime and a joint sentence specifying the total period of imprisonment. This period shall be no less than the highest individual sentence pronounced and shall not exceed 30 years imprisonment or a sentence of life imprisonment in conformity with paragraph 1.

Article 44
Compensation to next of kin of victims

1. The Tribunal may make an order directly against a convicted person specifying compensation to next of kin of victims. In its order the Tribunal shall determine the scope and extent of any damage, loss and injury in respect of next of kin of victims and shall state the principles on which it is acting, taking into account any other compensation available.

2. Nothing in this article shall be interpreted as prejudicing the rights of next of kin of victims under national or international law.

Article 45
Appellate proceedings

1. The Appeals Chamber shall hear appeals from persons convicted by the Trial Chamber or from the Prosecutor on the following grounds:

   (a) an error on a question of law invalidating the decision; or

   (b) an error of fact which has occasioned a miscarriage of justice.

2. A sentence may be appealed, in accordance with the Rules of Procedure and Evidence, by the Prosecutor or the convicted person on the ground of disproportion between the crime and the sentence.

3. The Appeals Chamber may affirm, reverse or revise the decisions taken by the Trial Chamber.

4. Article 41 applies *mutatis mutandis*, as appropriate.

Article 46
Review proceedings

1. Where a new fact has been discovered that was not known at the time of the proceedings before the Trial Chamber or the Appeals Chamber and which

could have been a decisive factor in reaching the decision, the convicted person or the Prosecutor may submit to the Tribunal an application for review of the judgment.

2. An application for review shall be submitted to the Appeals Chamber. The Appeals Chamber may reject the application if it considers it to be unfounded. If it determines that the application is meritorious, it may, as appropriate:

   (a) Reconvene the Trial Chamber;

   (b) Retain jurisdiction over the matter.

3. Article 41 applies *mutatis mutandis*, as appropriate.

Article 47
Enforcement of sentences

Imprisonment shall be served in a State designated by the Tribunal from a list of States that have indicated to the Security Council their willingness to accept convicted persons. Such imprisonment shall be in accordance with the applicable law of the State concerned, and shall be consistent with widely accepted international standards, subject to the supervision of the Tribunal.

Article 48
Pardon or commutation of sentences

If, pursuant to the applicable law of the State in which the convicted person is imprisoned, he or she is eligible for pardon or commutation of sentence, the State concerned shall notify the Tribunal accordingly. The President of the Tribunal, in consultation with the judges, shall decide the matter on the basis of the interests of justice and the general principles of law.

Article 49
Transfer of convicted persons upon completion of sentence

Following the completion of the sentence, a person who is not a national of the State of enforcement may, in accordance with the law of the State of enforcement, be transferred to a State that is obliged to receive him or her, or to another State which agrees to receive him or her, taking into account any wishes of the person to be transferred to that State, unless the State of enforcement authorizes the person to remain in its territory.

Section IX
Co-operation and judicial assistance

Article 50
Co-operation and judicial assistance

1. States shall co-operate with the Tribunal in the investigation and prosecution of persons accused of having committed crimes within the jurisdiction of the Tribunal.

2. States shall comply without undue delay with any request for assistance or an order issued by the Tribunal, including, but not limited to:

(a) the identification and location of persons;

(b) the taking of testimony and the production of evidence;

(c) the service of documents;

(d) the arrest or detention of persons;

(e) the surrender or the transfer of the accused to the Tribunal.

Article 51
Protection of national security information

1. This article applies in any case where the disclosure of the information or documents of a State would, in the opinion of that State, prejudice its national security interests. This article shall also apply when a person who has been requested to give information or evidence has refused to do so or has referred the matter to the State on the ground that disclosure would prejudice the national security interests of a State and the State concerned confirms that it is of the opinion that disclosure would prejudice its national security interests.

2. Nothing in this article shall prejudice the requirements of confidentiality applicable under other articles of this Statute.

3. If a State learns that information or documents of the State are being, or are likely to be, disclosed at any stage of the proceedings, and it is of the opinion that disclosure would prejudice its national security interests, that State shall have the right to intervene in order to obtain resolution of the issue in accordance with this article.

4. If, in the opinion of a State, disclosure of information would prejudice its national security interests, all reasonable steps will be taken by the State, acting in conjunction with the Prosecutor, the defence or the Pre-Trial Judge or Trial Chamber, as the case may be, to seek to resolve the matter by cooperative means. Such steps may include:

(a) Modification or clarification of the request;

(b) A determination by the Tribunal regarding the relevance of the information or evidence sought, or a determination as to whether the evidence, though relevant, could be or has been obtained from a source other than the requested State;

(c) Obtaining the information or evidence from a different source or in a different form; or

(d) Agreement on conditions under which the assistance could be provided including, among other things, providing summaries or redactions, limitations on disclosure, use of *in camera* or *ex parte* proceedings, or other protective measures permissible under the Statute and the Rules of Procedure and Evidence.

5. Once all reasonable steps have been taken to resolve the matter through cooperative means, and if the State considers that there are no means or conditions under which the information or documents could be provided or disclosed without prejudice to its national security interests, it shall so notify the Prosecutor or the Tribunal of the specific reasons for its decision, unless a

specific description of the reasons would itself necessarily result in such prejudice to the State's national security interests.

6. Thereafter, if the Tribunal determines that the evidence is relevant and necessary for the establishment of the guilt or innocence of the accused and the State denies the request for assistance in whole or in part, the Tribunal may make such inference in the trial of the accused as to the existence or non-existence of a fact, as may be appropriate in the circumstances.

Article 52
Third-party information or documents

If a State is requested by the Tribunal to provide a document or information in its custody, possession or control, which was disclosed to it in confidence by a State, intergovernmental organization or international organization, the State shall seek the consent of the originator to disclose that document or information. The State shall either consent to disclosure of the information or document or undertake to resolve the issue of disclosure with the Tribunal, without prejudice to the provisions of article 51.

Section X
Privileges and immunities, seat and expenses

Article 53
Privileges and immunities of the Tribunal

1. The Convention on the Privileges and Immunities of the United Nations of 13 February 1946 shall apply to the Tribunal, the judges, the Prosecutor and his or her staff, and the Registrar and his or her staff.

2. The judges, the Prosecutor and the Registrar shall enjoy the privileges and immunities, exemptions and facilities accorded to diplomatic envoys, in accordance with international law.

3. The staff of the Prosecutor and of the Registrar shall enjoy the privileges and immunities accorded to officials of the United Nations under articles V and VII of the Convention referred to in paragraph 1.

4. Other persons, including the accused, required at the seat of the Tribunal shall be accorded such treatment as is necessary for the proper functioning of the Tribunal.

Article 54
Seat of the Tribunal

The Tribunal shall have its seat in the Netherlands.

Article 55
Expenses of the Tribunal

The expenses of the Tribunal shall be borne by voluntary contributions from States.

United Nations S/2015/563

Security Council

Distr.: General
24 July 2015

Original: English

Letter dated 24 July 2015 from the Chargé d'affaires a.i. of the Permanent Mission of Turkey to the United Nations addressed to the President of the Security Council

Upon instructions from my Government, I am writing to you with regard to the situation in Syria.

Bloodshed, agony and the suffering of the Syrian people continue to grow after the regime in Syria has chosen to wage a war against the Syrian people, who took to the streets in peaceful demonstrations for democratic reforms and freedoms in 2011.

Today, the death toll is considered to be well above 300,000. Half of the Syrian population is displaced internally and internationally. We bear the brunt, as almost 10 per cent of Syrians are now living in Turkey.

The developments in Syria have been affecting Turkey greatly, since we share a long border with this region. We have been facing threats and attacks emanating from Syria since the start of the conflict. So far, 158 Turkish citizens have lost their lives to the attacks originating from Syria.

With the emergence of Daesh, the threats from Syria gained new dimensions. Syria has become a safe haven for Daesh. This area is used by Daesh for training, planning, financing and carrying out attacks across borders. Also, Security Council resolutions 2170 (2014) and 2178 (2014) have underscored the threat posed by Daesh and the resolve of the international community to combat Daesh.

The terrorist attack that took the lives of 32 Turkish citizens in Suruç on 20 July 2015 reaffirms that Turkey is under a clear and imminent threat of continuing attack from Daesh. Most recently, on 23 July 2015, Daesh attacked the border military post in Elbeyli and killed a Turkish soldier.

It is apparent that the regime in Syria is neither capable of nor willing to prevent these threats emanating from its territory, which clearly imperil the security of Turkey and the safety of its nationals.

Individual and collective self-defence is our inherent right under international law, as reflected in Article 51 of the Charter of the United Nations.

On this basis, Turkey has initiated necessary and proportionate military actions against Daesh in Syria, including in coordination with individual members of the Global Coalition, in order to counter the terrorist threat and to safeguard its territory and citizens.

Please recycle

I would be grateful if the text of the present letter could be circulated as a document of the Security Council.

(*Signed*) Levent **Eler**
Deputy Permanent Representative
Chargé d'affaires a.i.

United Nations S/2015/564

Security Council

Distr.: General
29 July 2015

Original: English

Angola, France, Lithuania, New Zealand, Russian Federation, Spain, United Kingdom of Great Britain and Northern Ireland and United States of America: draft resolution

The Security Council,

Welcoming the report of the Secretary-General of 9 July 2015 (S/2015/517) on the United Nations operation in Cyprus,

Noting that the Government of Cyprus is agreed that in view of the prevailing conditions on the island it is necessary to keep the United Nations Peacekeeping Force in Cyprus (UNFICYP) beyond 31 July 2015,

Noting the intention of the Secretary-General to report on his Good Offices in the next reporting period, and *echoing* the Secretary-General's firm belief that the responsibility for finding a solution lies first and foremost with the Cypriots themselves, and *reaffirming* the primary role of the United Nations in assisting the parties to bring the Cyprus conflict and division of the island to a comprehensive and durable settlement,

Welcoming the re-launching of negotiations, the positive momentum and the commitment expressed by the leaders to work tirelessly to reach a comprehensive settlement as soon as possible, in a results-oriented manner as agreed to in the Joint Declaration adopted by the Greek Cypriot and Turkish Cypriot leaders on 11 February 2014, and the support provided by the Secretary-General's Special Adviser on Cyprus Espen Barth Eide,

Recalling the importance attached by the international community to all parties engaging fully, flexibly and constructively in the negotiations and *noting* that the negotiations have not yet resulted in an enduring, comprehensive and just settlement based on a bicommunal, bizonal federation with political equality, as set out in the relevant Security Council resolutions, *encouraging* the sides to intensify the substantive negotiations on the unresolved core issues interdependently, and stressing that the status quo is unsustainable,

Noting the need to advance the consideration of and discussions on military confidence building measures, *calling for* renewed efforts to implement all remaining confidence building measures, and for agreement on and implementation of further steps to build trust between the communities,

15-12883 (E) 290715

Please recycle

Reaffirming the importance of continued crossings of the Green Line by Cypriots, and encouraging the opening by mutual agreement of other crossing points,

Convinced of the many important benefits, including economic benefits for all Cypriots that would flow from a comprehensive and durable Cyprus settlement, *urging* the two sides and their leaders to foster positive public rhetoric, and *encouraging* them clearly to explain the benefits of the settlement, as well as the need for increased flexibility and compromise in order to secure it, to both communities well in advance of any eventual referenda,

Highlighting the importance of the supporting role of the international community, and in particular that of all parties concerned in taking practical steps towards helping the Greek Cypriot and Turkish Cypriot leaders to exploit fully the current opportunity,

Taking note of the assessment of the Secretary-General that the security situation on the island and along the Green Line remains stable, and *urging* all sides to avoid any action, including violations of the military status quo, which could lead to an increase in tension, undermine the progress achieved so far, or damage the goodwill on the island,

Recalling the Secretary-General's firm belief that the situation in the buffer zone would be improved if both sides accepted the 1989 aide-memoire used by the United Nations,

Noting with regret that the sides are withholding access to the remaining minefields in the buffer zone, and that demining in Cyprus must continue, noting the continued danger posed by mines in Cyprus, *noting also* recent proposals and discussions as well as positive initiatives on demining, and *urging* rapid agreement on facilitating the recommencement of demining operations and clearance of the remaining minefields,

Commending the work of the Committee on Missing Persons, *highlighting* the importance of intensifying its activities, *noting* that half of all missing persons have yet to be located and more than 70% have yet to be identified, *urging* the opening up of access to all areas expeditiously to allow the Committee to carry out its work, and *trusting* that this process will promote reconciliation between the communities,

Agreeing that active participation of civil society groups, including women's groups, is essential to the political process and can contribute to making any future settlement sustainable, *recalling* that women play a critically important role in peace processes, *welcoming* all efforts to promote bicommunal contacts and events including, inter alia, on the part of all United Nations bodies on the island, and *urging* the two sides to promote the active engagement of civil society and the encouragement of cooperation between economic and commercial bodies and to remove all obstacles to such contacts,

Stressing the need for the Council to pursue a rigorous, strategic approach to peacekeeping deployments,

Welcoming the intention of the Secretary-General to keep all peacekeeping operations under close review to ensure efficiency and effectiveness, *including* a review of UNFICYP when appropriate, and *noting* the importance of contingency planning in relation to the settlement, including recommendations as appropriate for

further adjustments to UNFICYP's mandate, force levels and other resources and concept of operations, taking into account developments on the ground and the views of the parties,

Noting with appreciation the efforts of Lisa Buttenheim as the Special Representative of the Secretary-General, Force Commander Major General Kristin Lund, and the Secretary-General's appointment of Special Adviser Espen Barth Eide,

Echoing the Secretary-General's gratitude to the Government of Cyprus and the Government of Greece for their voluntary contributions to the funding of UNFICYP, and his request for further voluntary contributions from other countries and organizations, and expressing appreciation to Member States that contribute personnel to UNFICYP,

Welcoming and encouraging efforts by the United Nations to sensitize peacekeeping personnel in the prevention and control of HIV/AIDS and other communicable diseases in all its peacekeeping operations,

1. *Welcomes* the resumption of the leaders-led negotiations as well as the progress achieved so far and the ongoing efforts of the leaders and their negotiators to reach a comprehensive and durable settlement, and *encourages* the sides to grasp the current opportunity with determination to secure a comprehensive settlement;

2. *Takes note* of the report of the Secretary-General (S/2015/517);

3. *Recalls* Security Council resolution 2026 (2011), and calls upon the two leaders to:

(a) Put their efforts behind further work on reaching convergences on the core issues;

(b) Continue to work with the Technical Committees with the objective of improving the daily lives of the Cypriots;

(c) Improve the public atmosphere for the negotiations, including by focussing public messages on convergences and the way ahead, and delivering more constructive and harmonised messages; and

(d) Increase the participation of civil society in the process as appropriate;

4. *Urges* the implementation of confidence-building measures, and *looks forward* to agreement on and implementation of further such mutually-acceptable steps, including military confidence building measures and the opening of other crossing points, that can contribute to a conducive environment for a settlement;

5. *Welcomes* all efforts to accommodate the Committee on Missing Persons exhumation requirements as well as the joint appeal for information issued by the two leaders on 28 May 2015, and calls upon all parties to provide more expeditious, full access to all areas, given the need to intensify the Committee's work;

6. *Reaffirms* all its relevant resolutions on Cyprus, in particular resolution 1251 (1999) of 29 June 1999 and subsequent resolutions;

7. *Expresses* its full support for UNFICYP and decides to extend its mandate for a further period ending 31 January 2016;

8. *Calls* on both sides to continue to engage, as a matter of urgency and while respecting UNFICYP's mandate, in consultations with UNFICYP on the demarcation of the buffer zone, and on the United Nations 1989 aide-memoire, with a view to reaching early agreement on outstanding issues;

9. *Calls* on the Turkish Cypriot side and Turkish forces to restore in Strovilia the military status quo which existed there prior to 30 June 2000;

10. *Calls* on both sides to allow access to deminers and to facilitate the removal of the remaining mines in Cyprus within the buffer zone, and urges both sides to extend demining operations outside the buffer zone;

11. *Requests* the Secretary-General to submit a report on implementation of this resolution, including on contingency planning in relation to the settlement, by 10 January 2016 and to keep the Security Council updated on events as necessary;

12. *Welcomes* the efforts being undertaken by UNFICYP to implement the Secretary-General's zero tolerance policy on sexual exploitation and abuse and to ensure full compliance of its personnel with the United Nations code of conduct, *requests* the Secretary-General to continue to take all necessary action in this regard and to keep the Security Council informed, and *urges* troop-contributing countries to take appropriate preventive action including the conduct of pre-deployment awareness training, and to take disciplinary action and other action to ensure full accountability in cases of such conduct involving their personnel;

13. *Decides* to remain seized of the matter.

United Nations S/2015/565

Security Council

Distr.: General
30 June 2015

Original: English

Note by the Secretary-General

The Secretary-General has the honour to transmit herewith to the Security Council, the report of the Board of Auditors on the audit of the United Nations escrow account established under the provisions of Security Council resolution 1958 (2010) for the period from 1 January to 31 December 2014.

15-10261 (E) 300715

Please recycle

Letters of transmittal

Letter dated 31 March 2015 from the Secretary-General addressed to the Chair of the Board of Auditors

In accordance with financial regulation 6.2, I have the honour to submit the accounts of the United Nations escrow account established pursuant to Security Council resolution 1958 (2010) for the period from 1 January to 31 December 2014, which I hereby approve. The financial statements have been certified as correct by the Controller.

(*Signed*) **BAN** Ki-moon

Letter dated 30 June 2015 from the Chair of the Board of Auditors addressed to the President of the Security Council

I have the honour to transmit to you the report of the Board of Auditors on the United Nations escrow account established under the provisions of Security Council resolutions 1958 (2010) for the period from 1 January to 31 December 2014.

(*Signed*) Mussa Juma **Assad**
Controller and Auditor General of the United Republic of Tanzania
Chair of the Board of Auditors

Report of the Board of Auditors on the audit of the United Nations escrow account established under the provisions of Security Council resolution 1958 (2010) for the period from 1 January to 31 December 2014

Contents

		Page
I.	Report of the Board of Auditors (audit opinion)	5
II.	Certification of the financial statements	7
III.	Financial statements	8
	I. Statement of financial position as at 31 December 2014	8
	II. Statement of financial performance for the year ended 31 December 2014	9
	III. Statement of changes in net assets for the year ended 31 December 2014	10
	IV. Statement of cash flows for the year ended 31 December 2014	11
	Notes to the financial statements	12

I. Report of the Board of Auditors (audit opinion)

Report on the financial statements

We have audited the accompanying financial statements of the United Nations escrow account established under the provisions of Security Council resolution 1958 (2010) for the period from 1 January to 31 December 2014, which comprise the statement of financial position as at 31 December 2014 (statement I); the statement of financial performance (statement II), the statement of changes in net assets (statement III) and the statement of cash flows (statement IV), as well as the notes to the financial statements.

Management's responsibility for the financial statements

The Secretary-General is responsible for the preparation and fair presentation of the financial statements in accordance with the International Public Sector Accounting Standards (IPSAS) and for such internal control as management deems necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or to error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements, based on our audit. We conducted the audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements, as a whole, are free from material misstatement.

An audit involves the performance of procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including an assessment of the risks of material misstatement in the financial statements, whether due to fraud or to error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes an evaluation of the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as of the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the United Nations escrow account as at 31 December 2014 and its financial performance and cash flows for the year then ended in accordance with IPSAS.

Emphasis of matter

We draw attention to paragraph 11 of the notes to the financial statements wherein it is stated that, given that Security Council resolution 1958 (2010)

provides for the continuation of the escrow account until 31 December 2016, the going-concern assertion will be reassessed for the financial year ending 31 December 2015. Our opinion is not qualified in respect of this matter.

Report on other legal and regulatory requirements

Further, in our opinion, the transactions of the escrow account that have come to our notice, or that we have tested as part of our audit, have in all significant respects been in accordance with the Financial Regulations and Rules of the United Nations and legislative authority.

In accordance with article VII of the Financial Regulations and Rules of the United Nations, we have also examined the management issues and concluded that there are no material issues to draw to the attention of the Security Council. Therefore, we did not issue a long-form audit report.

(*Signed*) Mussa Juma **Assad**
Controller and Auditor General of the United Republic of Tanzania
Chair of the Board of Auditors

(*Signed*) Shashi Kant **Sharma**
Comptroller and Auditor General of India
Lead Auditor

(*Signed*) Sir Amyas C. E. **Morse**
Comptroller and Auditor General of the
United Kingdom of Great Britain and Northern Ireland

30 June 2015

II. Certification of the financial statements

The financial statements for the United Nations escrow account established pursuant to Security Council resolution 1958 (2010) for the period from 1 January to 31 December 2014 have been prepared in accordance with financial rule 106.1.

The summary of significant accounting policies applied in the preparation of these statements is included as notes to the financial statements. The notes provide additional information on and clarification of the financial activities related to Security Council resolution 1958 (2010) undertaken by the Organization during the period covered by the statements, for which the Secretary-General has administrative responsibility.

I certify that the appended financial statements of the United Nations escrow account established pursuant to Security Council resolution 1958 (2010), numbered I to IV, are correct.

(*Signed*) Bettina Tucci **Bartsiotas**
Assistant Secretary-General
Controller

31 March 2015

III. Financial statements

United Nations escrow account established under the provisions of Security Council resolution 1958 (2010)

I. Statement of financial position as at 31 December 2014

(Thousands of United States dollars)

	Reference	*31 December 2014*	*1 January 2014*
Assets			
Current assets			
Cash and cash equivalents	Note 6	32 721	31 789
Investments	Notes 6, 7	63 088	60 458
Accounts receivable	Note 6	239	262
Other assets		37	33
Total current assets		**96 085**	**92 542**
Non-current assets			
Investments	Notes 6, 7	55 900	59 331
Total non-current assets		**55 900**	**59 331**
Total assets		**151 985**	**151 873**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	Note 6	178	138
Employee benefits liabilities	Note 8	10	8
Total current liabilities		**188**	**146**
Non-current liabilities			
Employee benefits liabilities	Note 8	247	207
Total non-current liabilities		**247**	**207**
Total liabilities		**435**	**353**
Net of total assets and total liabilities		**151 550**	**151 520**
Net assets			
Accumulated surpluses	Note 9	151 550	151 520
Total net assets		**151 550**	**151 520**

The accompanying notes are an integral part of the financial statements.

United Nations escrow account established under the provisions of Security Council resolution 1958 (2010)

II. Statement of financial performance for the year ended 31 December 2014

(Thousands of United States dollars)

	Reference	*31 December 2014*
Revenue		
Investment revenue	Note 6	791
Other income		16
Total revenue		**807**
Expenses		
Employee salaries, allowances and benefits		687
Other operating expenses		90
Total expenses	Note 10	**777**
Surplus for the year		**30**

The accompanying notes are an integral part of the financial statements.

United Nations escrow account established under the provisions of Security Council resolution 1958 (2010)

III. Statement of changes in net assets for the year ended 31 December 2014

(Thousands of United States dollars)

Net assets, 31 December 2013 (United Nations system accounting standards)	**151 782**
IPSAS adjustments:[a]	
Reclassification of reserves for end-of-service and post-retirement benefits as liabilities	(211)
Initial recognition of accrued expenditure	(40)
Derecognition of unliquidated obligations	40
Changes in employee benefits accruals	(28)
Initial recognition of reimbursable employee tax accruals	(23)
Total IPSAS adjustments	**(262)**
Net assets, 1 January 2014 (IPSAS)	**151 520**
Change in net assets	
Surplus for the year	30
Net assets as at 31 December 2014	**151 550**

[a] See note 4.

The accompanying notes are an integral part of the financial statements.

United Nations escrow account established under the provisions of Security Council resolution 1958 (2010)

IV. Statement of cash flows for the year ended 31 December 2014

(Thousands of United States dollars)

	Reference	*31 December 2014*
Cash flows from operating activities		
Surplus for the year		30
Changes in assets:		
Decrease in accounts receivable		23
(Increase) in other assets		(4)
Changes in liabilities:		
Increase in accounts payable and accrued liabilities		40
Increase in employee benefits liabilities		42
Investment revenue presented as investing activities		(791)
Net cash flows used in operating activities		**(660)**
Cash flows from investing activities		
Withdrawals from main cash pool (net)		801
Investment revenue presented as investing activities		791
Net cash flows from investing activities		**1 592**
Net increase in cash and cash equivalents		**932**
Cash and cash equivalents — beginning of year		**31 789**
Cash and cash equivalents — end of year	Note 6	**32 721**

The accompanying notes are an integral part of the financial statements.

United Nations escrow account established under the provisions of Security Council resolution 1958 (2010)
Notes to the financial statements

Note 1
Reporting entity

United Nations and its activities

1. The United Nations is an international organization founded in 1945 after the Second World War. The Charter of the United Nations was signed on 26 June 1945 and became effective on 24 October 1945. Among the primary objectives of the Organization are the following:

(a) The maintenance of international peace and security;

(b) The promotion of international economic and social progress and development programmes;

(c) The universal observance of human rights;

(d) The administration of international justice and law.

2. These objectives are implemented through four of the principal organs of the United Nations, as follows:

(a) The General Assembly focuses on a wide range of political, economic and social issues, as well as financial and administrative aspects of the United Nations;

(b) The Security Council is responsible for various aspects of peacekeeping and peacemaking, including efforts to resolve conflicts, restore democracy, promote disarmament, provide electoral assistance, facilitate post-conflict peacebuilding, engage in humanitarian activities to ensure the survival of groups deprived of basic needs, and oversee the prosecution of persons responsible for serious violations of international humanitarian law;

(c) The Economic and Social Council plays a particular role in economic and social development, including a major oversight role in the efforts of other organizations of the United Nations system to address international economic, social and health problems;

(d) The International Court of Justice has jurisdiction over disputes between Member States brought before it for advisory opinions or binding resolutions.

3. The United Nations is headquartered in New York, has major offices in Geneva, Nairobi and Vienna, and peacekeeping and political missions, regional commissions, tribunals, training institutes and information and other centres located throughout the world.

United Nations escrow account

4. These financial statements relate to the United Nations escrow account established under the provisions of Security Council resolution 1958 (2010).

5. In that resolution, the Security Council requested the Secretary-General to take all actions necessary to terminate all residual activities of the oil-for-food programme. It authorized the Secretary-General to establish an escrow account and

to ensure that an amount of $20 million was retained in the escrow account until 31 December 2016, exclusively for expenses related to the orderly termination of the residual activities of the oil-for-food programme, including the Organization's support to Member State investigations and Member State proceedings, and the expenses of the office of the High-level Coordinator created pursuant to its resolution 1284 (1999).

6. In the same resolution, the Security Council authorized the Secretary-General to ensure that an amount of up to $131 million was retained in the escrow account for the purpose of providing indemnification to the United Nations, its representatives, agents and independent contractors for a period of six years with regard to all activities in connection with the oil-for-food programme since its inception.

7. Further, the Security Council requested that all funds remaining in the escrow account be transferred to the Government of Iraq by 31 December 2016.

8. The escrow account is regarded as an autonomous financial reporting entity which neither controls nor is controlled by any other United Nations reporting entity. Owing to the uniqueness of the governance and budgetary process of each of the United Nations reporting entities, the entities are not deemed to be subject to common control for the purposes of IPSAS-compliant reporting. The escrow account has no interests in associates or joint ventures.

9. The operations of the escrow account are administered by the Secretariat at United Nations Headquarters.

Note 2
Basis of preparation and authorization for issue

Basis of preparation

10. In accordance with the Financial Regulations and Rules of the United Nations, the financial statements are prepared on an accrual basis in accordance with International Public Sector Accounting Standards (IPSAS). In accordance with the requirements of IPSAS, these financial statements consist of the following:

(a) A statement of financial position;

(b) A statement of financial performance;

(c) A statement of changes in net assets;

(d) A statement of cash flows using the indirect method;

(e) A summary of significant accounting policies and other explanatory notes.

11. The financial statements have been prepared on a going-concern basis and the accounting policies, as summarized in note 3, have been applied consistently in the preparation and presentation of these financial statements. The going-concern assertion is based on the provision by the Security Council for the continuation of the escrow account until 31 December 2016 (see paras. 5-6 above). In accordance with that provision, the going-concern assertion will be reassessed for the financial year ending 31 December 2015.

12. This is the first set of financial statements of the escrow account prepared in compliance with IPSAS, which includes the application of certain transitional provisions, as identified below. Prior to 1 January 2014, the financial statements of the escrow account were prepared in accordance with United Nations system accounting standards, a modified accrual basis of accounting.

13. The adoption of the new accounting standards, including the related IPSAS-compliant policies, has resulted in changes to the assets and liabilities recognized in the statement of financial position. Accordingly, the audited statement of assets, liabilities and reserves and fund balances as at 31 December 2013 has been revised and the changes summarized in the statement of changes in net assets.

Measurement basis

14. The financial statements are prepared using the historical cost convention except for certain investments, as stated in note 3. The financial statements are prepared for the year from 1 January to 31 December.

Functional and presentation currency

15. The functional currency and the presentation currency of the escrow account is the United States dollar. The financial statements are expressed in thousands of United States dollars.

16. Foreign currency transactions are translated into United States dollars at the United Nations operational rates of exchange at the date of transaction. The United Nations rates approximate the spot rates prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies (i.e. currencies other than the functional currency of the reporting entity) are translated at the United Nations year-end rates of exchange. Non-monetary foreign currency items measured at historical cost or fair value are translated at the United Nations operational rates of exchange prevailing at the date of transaction or when the fair value was determined.

17. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognized in the statement of financial performance on a net basis.

Materiality and use of judgment and estimation

18. Materiality is central to the preparation and presentation of the escrow account's financial statements and its materiality framework provides a systematic method in guiding accounting decisions relating to presentation, disclosure, aggregation, offsetting and retrospective versus prospective application of changes in accounting policies. In general, an item is considered material if its omission or its aggregation would have an impact on the conclusions or decisions of the users of the financial statements.

19. Preparing financial statements in accordance with IPSAS requires the use of estimates, judgements and assumptions in the selection and application of accounting policies and in the reported amounts of certain assets, liabilities, revenues and expenses. Accounting estimates and underlying assumptions are reviewed on an ongoing basis, and revisions to estimates are recognized in the year

in which the estimates are revised and in any future year affected. Significant estimates and assumptions that may result in material adjustments in future years include: actuarial measurement of employee benefits; classification of financial instruments; discount rates used in the calculation of the value of provisions; and classification of contingent assets/liabilities.

IPSAS transitional provisions

20. As permitted for the first-time adoption of IPSAS, the following transitional provisions are applied:

- IPSAS 1: Presentation of financial statements — comparative information is not provided;
- IPSAS 4: The Effects of changes in foreign exchange rates — the cumulative translation differences that may have existed at the date of first-time adoption of IPSAS are deemed to be zero.

Future accounting pronouncements

21. The impact of the following significant future accounting pronouncements of the IPSAS Board on the financial statements of the escrow account is being monitored:

- Reporting service performance information — use of a principles-based approach to develop a consistent framework for reporting service performance information of public sector programmes and services that focuses on meeting the needs of users;
- Social benefits — the project's objective is to identify the circumstances and manner in which the expenses and liabilities of certain social benefits should be reflected in the financial statements;
- Public sector combinations — the project will prescribe the accounting treatment for public sector combinations and develop a new standard that sets out the classification and measurement of public sector combinations, that is, transactions or other events that bring two or more separate operations into a single public sector entity;
- Public sector-specific financial instruments — to develop this accounting guidance, the project will focus on issues related to public sector-specific financial instruments which are outside the scope of those covered by IPSAS 28: Financial instruments: presentation; IPSAS 29: Financial instruments: recognition and measurement; and IPSAS 30: Financial instruments: disclosures.

Future requirements of IPSAS

22. On 30 January 2015, the IPSAS Board published five new standards, as follows: IPSAS 34: Separate financial statements; IPSAS 35: Consolidated financial statements; IPSAS 36: Investments in associates and joint ventures; IPSAS 37: Joint arrangements; and IPSAS 38: Disclosure of interests in other entities. The five new standards will be effective as from 1 January 2017. Given that the escrow account has no associates, joint ventures or joint arrangements that come under the scope of those standards, the effect of the standards is not expected to be material.

Note 3
Significant accounting policies

Financial assets: classification

23. The escrow account classifies its financial assets in one of the following categories at initial recognition and re-evaluates the classification at each reporting date; the classification of financial assets primarily depends on the purpose for which the financial assets are acquired:

Classification	*Financial assets*
Fair value through surplus or deficit	Investments in main cash pool
Loans and receivables	Cash and cash equivalents, receivables

24. All financial assets are initially measured at fair value. The escrow account initially recognizes financial assets classified as loans and receivables on the date that they originated. All other financial assets are recognized initially on the trade date, which is the date on which the escrow account becomes party to the contractual provisions of the instrument.

25. Financial assets with maturities in excess of 12 months at the reporting date are categorized as non-current assets in the financial statements. Assets denominated in foreign currencies are translated into United States dollars at the United Nations operational rates of exchange prevailing at the reporting date, with net gains or losses recognized in surplus or deficit in the statement of financial performance.

26. Financial assets at fair value through surplus or deficit are those that have been either designated in this category at initial recognition, are held for trading or are acquired principally for the purpose of selling in the short term. These assets are measured at fair value at each reporting date, and any gains or losses arising from changes in the fair value are presented in the statement of financial performance in the period in which they arise.

27. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recorded at fair value plus transaction costs and subsequently reported at amortized cost calculated using the effective interest method. Interest revenue is recognized on a time proportion basis using the effective interest rate method on the respective financial asset.

28. Financial assets are assessed at each reporting date to determine whether there is objective evidence of impairment. Evidence of impairment includes default or delinquency of the counterparty or permanent reduction in value of the asset. Impairment losses are recognized in the statement of financial performance in the year in which they arise. Financial assets are derecognized when the rights to receive cash flows have expired or have been transferred and the escrow account has transferred substantially all risks and rewards of the financial asset.

29. Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Financial assets: investment in main cash pool

30. The United Nations Treasury invests funds pooled from the United Nations Secretariat and other participating entities. Participation in the cash pools implies sharing the risk and returns on investments with the other participants. Since the funds are comingled and invested on a pool basis, each participant is exposed to the overall risk of the investments portfolio to the extent of the amount of cash invested.

31. The escrow account's investment in the main cash pool is included as part of cash and cash equivalents, short-term investments and long-term investments in the statement of financial position, depending on when they are expected to be realized.

Financial assets: cash and cash equivalents

32. Cash and cash equivalents comprise cash at bank and on hand, and short-term, highly liquid investments with a maturity of three months or less from the date of acquisition.

Financial assets: receivables

33. Receivables comprise amounts receivable for goods or services provided to other entities, and receivables from staff. Receivables from other United Nations reporting entities are also included in this category. Receivables are subject to specific review and an allowance for doubtful receivables is assessed on the basis of recoverability and ageing.

Other assets

34. Other assets are prepayments that are recorded as an asset until goods are delivered or services are rendered by the other party, at which point the expense is recognized.

Financial liabilities

35. Financial liabilities are classified as "other financial liabilities" and include accounts payable and accruals. Financial liabilities so classified are initially recognized at fair value and subsequently measured at amortized cost. Financial liabilities with a duration of less than 12 months are recognized at their nominal value. The escrow account re-evaluates the classification of financial liabilities at each reporting date and derecognizes financial liabilities when its contractual obligations are discharged, waived, cancelled or expired.

36. Other accounts payable and accrued expenses arise from the purchase of goods and services that have been received but not paid for as at the reporting date. They are stated at invoiced amounts, less payment discounts at the reporting date. Payables are recognized and subsequently measured at their nominal value, given that they are generally due within 12 months.

Employee benefits

37. Employees comprise staff members, as described under Article 97 of the Charter of the United Nations, whose employment and contractual relationship are defined by a letter of appointment subject to regulations promulgated by the General

Assembly pursuant to Article 101, paragraph 1, of the Charter. Employee benefits are classified as short-term benefits, long-term benefits, post-employment benefits and termination benefits.

Short-term employee benefits

38. Short-term employee benefits are employee benefits (other than termination benefits) that are payable within 12 months after the end of the period in which the employee renders the related services. Short-term employee benefits comprise first-time employee benefits (assignment grants), regular daily/weekly/monthly benefits (wages, salaries and allowances), compensated absences (paid sick leave, maternity/paternity leave) and other short-term benefits (death grant, education grant, reimbursement of taxes and home leave) provided to current employees based on services rendered. Material balances which are accrued but not paid are recognized as current liabilities in the statement of financial position.

Post-employment benefits

39. Post-employment benefits comprise the after-service health insurance plan and end-of-service repatriation benefits that are accounted for as defined benefit plans.

Defined benefit plans

40. Defined benefit plans are those where the escrow account's obligation is to provide agreed benefits and therefore the escrow account bears the actuarial risks. The liability for defined benefit plans is measured at the present value of the defined benefit obligation. Changes in the liability for defined benefit plans, excluding actuarial gains and losses, are recognized in the statement of financial performance in the year in which they occur. The escrow account has elected to recognize changes in the liability for defined benefit plans from actuarial gains and losses directly through the statement of changes in net assets.

41. The defined benefit obligations are calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the interest rates of high-quality corporate bonds with maturity dates approximating those of the individual plans.

After-service health insurance

42. After-service health insurance provides worldwide coverage of necessary medical expenses of eligible former staff members and their dependents. Upon end of service, staff members and their dependents may elect to participate in a defined benefit health insurance plan of the United Nations, provided they meet certain eligibility requirements, including 10 years of participation in a United Nations health plan for those recruited after 1 July 2007 and 5 years for those recruited prior to that date. The after-service health insurance liability represents the present value of the share of the escrow account's medical insurance costs for retirees and the post-retirement benefit accrued to date by active staff. A factor in the after-service health insurance valuation is to consider the contributions of all plan participants in determining the escrow account's residual liability. Contributions from retirees are deducted from the gross liability, and a portion of the contributions from active staff

is also deducted to arrive at the escrow account's residual liability in accordance with the cost-sharing ratios authorized by the General Assembly.

Repatriation benefits

43. Upon end-of-service, staff members who meet certain eligibility requirements, including residency outside their country of nationality at the time of separation, are entitled to a repatriation grant, which is based upon length of service, and travel and removal expenses. A liability is recognized from when the staff member joins the escrow account and is measured as the present value of the estimated liability for settling such entitlements.

United Nations Joint Staff Pension Fund

44. The escrow account is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the General Assembly to provide retirement, death, disability and related benefits to employees. The Pension Fund is a funded, multi-employer defined benefit plan. As specified in article 3 (b) of its Regulations, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.

45. The plan exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Pension Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to participating organizations. The escrow account, in line with other participating organizations, is not in a position to identify its proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence, the escrow account has treated this plan as if it were a defined contribution plan, in line with the requirements of IPSAS 25. The escrow account's contributions to the United Nations Joint Staff Pension Fund during the financial year are recognized as employee benefit expenses in the statement of financial performance.

Termination benefits

46. Termination benefits are recognized as an expense only when the escrow account is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate the employment of a staff member before the normal retirement date, or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy. Termination benefits to be settled within 12 months are reported at the amount expected to be paid. If they fall due more than 12 months after the reporting date, they are discounted if the impact of discounting is material.

Other long-term employee benefits

47. Other long-term employee benefit obligations are benefits, or portions of benefits, that are not due to be settled within 12 months after the end of the year in which the employee provides the related services. Other long-term employee benefits comprise liabilities related to the commutation of annual leave balances at end of service.

48. The liabilities for annual leave represent unused accumulating compensated absence up to a maximum of 60 days, whereby an employee is entitled to monetary settlement of this balance upon separation from service. Therefore, the escrow account recognizes as a liability the actuarial value of the total accumulated leave days of all staff members as of the date of statement of financial position. Annual leave benefits are calculated on the same actuarial basis as post-employment benefits. Actuarial gains and losses on other long-term employee benefits are recognized in the statement of changes in net assets.

Provisions

49. Provisions are liabilities recognized for future expenditure of uncertain amount or timing. A provision is recognized if, as a result of a past event, the escrow account has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. The provision is measured as the best estimate of the amount required to settle the present obligation at the reporting date. Where the effect of the time value of money is material, the provision is the present value of the amount expected to be required to settle the obligation. Provisions are not recognized for future operating losses.

Contingent liabilities and assets

50. Contingent liabilities represent possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the escrow account; or current obligations that arise from past events but are not recognized because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle them, or because the amount of the obligations cannot be reliably measured.

51. Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the escrow account.

Commitments

52. Commitments are future expenses to be incurred on contracts entered into by the reporting date and that the escrow account has minimal, if any, discretion to avoid in the ordinary course of operations. Commitments include contracts for the supply of goods and services that will be delivered to the escrow account in future periods and other non-cancellable commitments.

Exchange revenue

53. Exchange transactions are those in which the escrow account provides goods or services. Revenue comprises the fair value of consideration received or receivable for the sale of goods and services. Revenue is recognized when it can be reliably measured, when the inflow of future economic benefits is probable and when specific criteria have been met.

Investment revenue

54. Investment revenue includes the escrow account's share of net main cash pool income and other interest incomes. The net main cash pool income includes any gains and losses on the sale of investments, which are calculated as the difference between the sale proceeds and the book value. Transaction costs that are directly attributable to the investment activities are netted against income and the net income is distributed proportionately to all main cash pool participants based on their daily balances. The main cash pool income also includes unrealized market gains and losses on securities, which is distributed proportionately to all participants based on their end-of-year balances.

Expenses

55. Expenses are decreases in economic benefits or service potential during the year in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases in net assets and are recognized on an accrual basis when goods are delivered and services are rendered, regardless of the terms of payment.

56. Employee salaries include international, national and general temporary staff salaries, post adjustments and staff assessments. The allowances and benefits include other staff entitlements, namely, pension and insurance, assignment, repatriation, hardship and other allowances. Contractual services relate to consultancy services, and other operating expenses include any maintenance, security, rental, insurance and allowance for bad debt or write-off expenses.

Note 4
First implementation of IPSAS: opening balances

57. On 1 January 2014, the escrow account adopted IPSAS accrual-based financial accounting standards. The conversion to full accrual accounting resulted in significant changes to accounting policies and in the type and measurement of assets, liabilities, revenue and expenses recognized.

58. Accordingly, adjustments and reclassifications were made to the escrow account's United Nations system accounting standards statement of assets, liabilities and reserves and fund balances as at 31 December 2013 in order to arrive at the 1 January 2014 IPSAS opening statement of financial position.

59. The net effect of the changes resulting from the adoption of IPSAS was a $0.3 million increase in net assets, due primarily to the reclassification of reserves for end-of-service and post-retirement benefits as an employee benefit liability. Line-by-line adjustments to accumulated surpluses/deficits are shown in the statement of changes in net assets.

60. Opening balances should include property, plant and equipment. The escrow account recognizes one item of information and communications technology equipment at a historical cost of $6,470. As this item was already fully depreciated with zero net book value as at 1 January 2014, and in view of the immaterial amount, it is not included in the statement of changes in net assets and the statement of financial position.

Note 5
Segment reporting

61. The escrow account consists of two funds: the administration fund for the termination of residual activities of the oil-for-food programme and the indemnification reserve fund for the Organization (see paras. 5-6 above).

Segment revenue, expenses, assets and liabilities

Segment statement of financial position for the year ended 31 December 2014

(Thousands of United States dollars)

	Administration	*Indemnification reserve*	*Total*
Assets			
Cash and cash equivalents	3 551	29 170	32 721
Investments	12 859	106 129	118 988
Accounts receivable	26	213	239
Other assets	37	–	37
Total assets	**16 473**	**135 512**	**151 985**
Liabilities			
Accounts payable — other	178	–	178
Employee benefits payable	257	–	257
Total liabilities	**435**	**–**	**435**
Net assets	**16 038**	**135 512**	**151 550**
Fund balances and reserves			
Accumulated surplus	16 038	135 512	151 550
Total fund balances and reserves	**16 038**	**135 512**	**151 550**

Segment statement of financial performance for the year ended 31 December 2014

(Thousands of United States dollars)

	Administration	*Indemnification reserve*	*Total*
Revenue			
Interest revenue	87	704	791
Other revenue	–	16	16
Total revenue	**87**	**720**	**807**
Employee salaries, allowances and benefits	687	–	687
Other operating expenses	88	2	90
Total segment expense	**775**	**2**	**777**
Surplus for the year	**(688)**	**718**	**30**

Note 6
Financial instruments

(Thousands of United States dollars)

	31 December 2014
Financial assets	
Fair value through the surplus or deficit	
Investments — main cash pool (short-term)	63 088
Investments — main cash pool (long-term)	55 900
Total fair value through the surplus or deficit	**118 988**
Loans and receivables	
Cash and cash equivalents — main cash pool	32 661
Cash and cash equivalents — other	60
Total cash and cash equivalents	**32 721**
Accounts receivable — main cash pool interest receivable	239
Total loans and receivables	**32 960**
Total carrying amount of financial assets	**151 948**
Amount of which relates to financial assets held in main cash pool	151 888
Financial liabilities	
Other accounts payable and accruals	178
Total carrying amount of financial liabilities	**178**
Summary investment revenue	
Share of main cash pool net income	791
Total investment revenue	**791**

Note 7
Financial risk management and the main cash pool

62. In addition to directly held cash and cash equivalents and investments, the escrow account participates in the United Nations main cash pool. Pooling the funds has a positive effect on overall investment performance and risk because of economies of scale and the ability to spread yield curve exposures across a range of maturities. The allocation of main cash pool assets (cash and cash equivalents, short-term investments and long-term investments) and income is based on the principal balance of each participating entity.

Financial risk management: overview

63. The escrow account has exposure to the following financial risks: credit risk, liquidity risk and market risk. The present note provides information on the escrow account's exposure to these risks; the objectives, policies and processes for measuring and managing risk; and the management of capital.

Risk management framework

64. The escrow account's risk management practices are in accordance with the Financial Regulations and Rules and the Investment Management Guidelines. The United Nations Treasury is responsible for investment and risk management of the cash pools, including the conduct of investment activities in accordance with the Guidelines. The investment management objectives are to preserve capital and ensure sufficient liquidity to meet operating cash requirements while attaining a competitive market rate of return on each investment pool. Investment quality, safety and liquidity are emphasized over the market rate of return component of the objectives.

65. An Investment Committee periodically evaluates investment performance and assesses compliance with the Investment Management Guidelines and makes recommendations for updates thereto. Other than as disclosed, the escrow account has not identified any further risk concentrations arising from financial instruments.

66. The escrow account defines the capital that it manages as the aggregate of its fund balances and reserves, which is comprised of accumulated fund balances. Its objectives are to safeguard its ability to continue as a going concern and to fulfil its mandated objectives.

Credit risk

67. Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, investments and deposits with financial institutions, as well as credit exposures to outstanding receivables. The carrying value of financial assets less impairment is the maximum exposure to credit risk.

68. The Investment Management Guidelines require ongoing monitoring of issuer and counterparty credit ratings. Permissible investments may include, but are not restricted to, bank deposits, commercial paper, supranational securities, government agency securities and government securities with maturities of five years or less. The main cash pool does not invest in derivative instruments such as asset-backed, mortgage-backed securities or equity products.

Credit risk: receivables

69. Excluding the main cash pool interest receivable (see below), the receivables balance of $0.060 million is subject to credit risk. As this balance is not considered material, credit risk is immaterial. As at the reporting date, no collateral is held as security for receivables.

Credit risk: cash and cash equivalents

70. The escrow account held cash and cash equivalents in the amount of $32.7 million at year end, which is the maximum credit exposure for these assets.

Credit risk: main cash pool investments

71. The Investment Management Guidelines require that investments not be made in issuers whose credit ratings are below specifications; they also provide for maximum concentrations with given issuers. These requirements were met at the

time of investment. The credit ratings used are those determined by major credit-rating agencies; the ratings of Standard & Poor (S&P), Moody's and Fitch are used to rate bonds and discounted instruments, and the Fitch viability rating is used to rate bank term deposits. Credit ratings at year end are indicated in the table below.

Main cash pool: credit ratings as at 31 December 2014

Investment	*Ratings*
Bonds	S&P: 31.2% AAA, 59.8% AA+/AA/AA- and 1.3% A+; 7.7% not rated by S&P; Moody's: 69.3% Aaa and 30.7% Aa1/Aa2/Aa3; Fitch: 52.2% AAA, 21.4% AA+/AA/AA- and 26.4% not rated
Discounted instruments	S&P: 100% A-1+; Moody's: 70.0% P-1; 30.0% not rated; Fitch: 90.0% F1+ and 10.0% not rated
Term deposits	Fitch: 64.1% aa- and 35.9% a+/a/a-

72. The United Nations Treasury actively monitors credit ratings and given that the main cash pool has invested only in securities with high credit ratings, management does not expect any counterparty to fail to meet its obligations, except for any impaired investments.

Liquidity risk

73. Liquidity risk is the risk that the escrow account might not have adequate funds to meet its obligations as they fall due. The escrow account's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage its reputation. The Financial Regulations and Rules require that expenses be incurred after the receipt of funds, thereby considerably reducing the liquidity risk to the escrow account. Exceptions to incurring expenses prior to the receipt of funds are only permitted if specified risk management criteria are adhered to. As the escrow account's mandate nears its conclusion, further emphasis is being applied to ensuring liquidity risks are mitigated.

Liquidity risk: main cash pool

74. The main cash pool is exposed to the liquidity risk associated with the requirement of participants to make withdrawals on short notice. Sufficient cash and marketable securities are maintained to meet participants' commitments as and when they fall due. The major portion of cash and cash equivalents and investments are available within one day's notice to support operational requirements. The main cash pool liquidity risk is therefore considered to be low.

Liquidity risk: financial liabilities

75. The exposure to liquidity risk is based on the notion that the entity may encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely due to the receivables, cash and investments available to the entity and the internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations.

Maturities for financial liabilities as at 31 December 2014[a]

(Undiscounted thousands of United States dollars)

	Within 1 month	*1-12 months*	*1 to 2 years*	*≥ 2 years*	*Total*
Accounts payable and accruals	178	–	–	–	178
Total	**178**	–	–	–	**178**

[a] Based on the earliest date on which each financial liability is required to be settled.

Market risk

76. Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and prices of investment securities, will affect the escrow account's income or the value of its financial assets and liabilities. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the escrow account's fiscal position.

Currency risk

77. Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The escrow account has few transactions, assets and liabilities in currencies other than its functional currency and is therefore exposed to limited currency risk arising from fluctuations in currency exchange rates. Given that the main cash pool is predominantly denominated in United States dollars, it has limited currency risk and, in conjunction with the low risk for other financial instruments, the escrow account considers the currency risk to be low.

Interest rate risk

78. Interest rate risk is the risk of variability in the fair value or future cash flows of a financial instrument due to change in interest rates. In general, as an interest rate rises, the price of a fixed rate security falls, and vice versa. Interest rate risk is commonly measured by the duration of the fixed rate security, with duration being a number expressed in years. The larger the duration, the greater the interest rate risk. The main cash pool fixed-rate cash, cash equivalents and investments are the escrow account's interest-bearing financial instruments. As at the reporting date, the main cash pool invested primarily in securities with shorter terms to maturity, with the maximum being less than five years. The average duration was 1.1 years, which is considered to be an indicator of low risk.

Interest rate risk sensitivity

79. As shown, the fair value of the main cash pool as at the reporting date will increase or decrease should the overall yield curve shift in response to changes in interest rates. As these investments are accounted for at fair value through surplus or deficit, the change in fair value represents the increase or decrease of the surplus or deficit and net assets. The impact of a shift up or a shift down of up to 200 basis points in the yield curve is shown below (100 basis points equals 1 per cent). The basis point shifts should be considered to be illustrative.

Main cash pool interest rate risk sensitivity analysis as at 31 December 2014

Shift in yield curve (basis points)	-200	-150	-100	-50	0	50	100	150	200
Increase/(decrease) in fair value (millions of United States dollars):									
Escrow account sensitivity	3.3	2.5	1.6	0.8	–	(0.8)	(1.6)	(2.5)	(3.3)

Other market price risk

80. The main cash pool is not exposed to significant other price risk as it does not sell short, borrow securities or purchase securities on margin, which limits the potential loss of capital.

Accounting classifications and fair value

81. The carrying value of investments carried at fair value through surplus or deficit is fair value. For cash and cash equivalents, receivables and payables, carrying value is a fair approximation of fair value.

Fair value hierarchy

82. The table analyses financial instruments carried at fair value, by the fair value hierarchy levels. The levels are defined as:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

83. The fair value of financial instruments traded in active markets is based on quoted market prices as at the reporting date and is determined by the independent custodian based on valuation of securities sourced from third parties. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the main cash pool is the current bid price.

84. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques that maximize the use of observable market data. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in level 2.

85. The following fair value hierarchy presents the main cash pool assets measured at fair value as at the reporting date. There were no level 3 financial assets or liabilities carried at fair value or significant transfers of financial assets between fair value hierarchy classifications.

Main cash pool fair value hierarchy as at 31 December 2014

(Thousands of United States dollars)

	Level 1	*Level 2*	*Total*
Financial assets at fair value through surplus or deficit			
Bonds			
Non-United States agencies	2 154 956	–	2 154 956
Non-United States sovereigns	691 489	–	691 489
Supranationals	440 169	–	440 169
United States treasuries	1 297 290	–	1 297 290
Discounted instruments	999 234	–	999 234
Certificate of deposit	–	1 830 000	1 830 000
Total	**5 583 138**	**1 830 000**	**7 413 138**

Note 8
Employee benefits liabilities

(Thousands of United States dollars)

	Current	*Non-current*	*Total as at 31 December 2014*
After-service health insurance	–	149	149
Annual leave	3	29	32
Repatriation benefits	2	68	70
Death benefits	–	1	1
Subtotal, defined benefit liabilities	**5**	**247**	**252**
Accrued home leave entitlements	5	–	5
Total employee benefits liabilities	**10**	**247**	**257**

86. The liabilities arising from post-employment benefits are determined by independent actuaries and are established in accordance with the Staff Rules and Regulations of the United Nations. Full actuarial valuations are usually undertaken every two years. The most recent actuarial valuation was conducted as at 31 December 2013 and the valuation rolled forward to 31 December 2014.

Actuarial valuation — assumptions

87. The escrow account reviews and selects assumptions and methods used by the actuaries in the year-end valuation to determine the expense and contribution requirements for the employee benefits. The principal actuarial assumptions used to determine the employee benefit obligations as at 31 December 2013 and for roll forward to year end are as follows:

Actuarial assumptions

(Percentage)

	After-service health insurance	*Repatriation benefits*	*Annual leave*
Discount rates, 31 December 2013 valuation	4.47	4.23	4.47
Discount rates, 31 December 2014 roll forward	4.47	4.23	4.47
Inflation, 31 December 2013 valuation	4.50-7.30	2.50	–
Inflation, 31 December 2014 roll forward	4.50-6.80	2.50	–

88. Discount rates are based on a weighted blend of three discount rate assumptions: United States dollars, euros and Swiss francs. Consistent with the decrease observed since 31 December 2013 in the interest rates of all maturities in the three areas, lower discount rates were assumed for roll forward.

89. The per capita claim costs for the after-service health insurance plans are updated to reflect recent claims and enrolment experience. The health-care cost trend rate assumption reflects the current short-term expectations of the after-service health insurance plan's cost increases and economic environment. Medical cost trend assumptions used for the valuation as at 31 December 2013 were maintained for roll forward given that no significant evolution regarding the medical trend has been observed. The major assumptions used were: a flat health-care yearly escalation rate of 5.0 per cent for non-United States medical plans, and health-care escalation rates of 6.8 per cent for all other medical plans (except 6.1 per cent for the United States Medicare plan and 5.0 per cent for the United States dental plan), grading down to 4.5 per cent over nine years.

90. With regard to the valuation of repatriation benefits as at 31 December 2013, inflation in travel costs was assumed at 2.5 per cent, based on the projected United States inflation rate over the next 10 years. For the roll-forward valuation, the assumption was maintained.

91. Annual leave balances were assumed to increase at the following annual rates during the staff member's projected years of service: 1-3 years, 10.9 days; 4-8 years, 1 day; and over 8 years, 0.5 days up to a maximum 60 days. This assumption was maintained for the roll-forward valuation. Since the annual leave actuarial valuation method under United Nations system accounting standards was not in compliance with IPSAS, the actuarial valuation method for the 1 January 2014 IPSAS opening balances and roll forward to year end was changed from the straight-line method to the attribution method. The impact of this change on the opening balances was immaterial.

92. Assumptions regarding future mortality are based on published statistics and mortality tables. Salary increases, retirement, withdrawal and mortality assumptions are consistent with those used by the United Nations Joint Staff Pension Fund in making its actuarial valuation.

Movement in employee benefits liabilities accounted for as defined benefit plans

(Thousands of United States dollars)

	Reconciliation
Net defined benefit liability as at 1 January 2014	212
Current service cost	36
Interest cost	9
Total costs recognized in the statement of financial performance	**45**
Net recognized liability as at 31 December 2014	**257**

Medical costs sensitivity analysis

93. The principal assumption in the valuation of after-service health insurance is the rate at which medical costs are expected to increase in the future. The sensitivity analysis looks at the change in liability due to changes in medical cost rates while holding other assumptions constant; the key assumption held constant is the discount rate. Should the medical cost trend assumption vary by 1 per cent, this would impact the measurement of the defined benefit obligations as follows:

(Thousands of United States dollars)

	Increase	*Decrease*
1 per cent movement in the assumed medical costs trend rates		
Effect on the defined benefit obligation	58	(41)
Effect on the aggregate of the current service cost and interest cost	15	(11)

Discount rate sensitivity analysis

94. The changes in discount rates are driven by the discount curve, which is calculated based on corporate or government bonds. The bonds markets have been volatile over the reporting period and the volatility impacts the discount rate assumption. Should the discount rate assumption vary by 1 per cent, its impact on the obligations would be as follows:

Discount rate sensitivity to end-of-year employee benefit liabilities

(Thousands of United States dollars)

	After-service health insurance	*Repatriation benefits*	*Annual leave*
Increase of discount rate by 1 per cent	(26)	(10)	(3)
as a percentage of end-of-year liability	(17%)	(15%)	(11%)
Decrease of discount rate by 1 per cent	34	11	4
as a percentage of end-of-year liability	23%	16%	13%

Other defined benefit plan information

95. The General Assembly, in resolution 67/257 of 12 April 2013, endorsed the decision of the International Civil Service Commission to support the recommendation of the United Nations Joint Staff Pension Fund to raise the mandatory age of retirement to 65 years for new staff, effective 1 January 2014. Actuaries determined that this increase in the normal age of retirement would not have a material effect on the valuation of defined benefit liabilities.

Historical information: total defined benefits as at 31 December

(Thousands of United States dollars)

	2013	*2012*	*2011*
Defined benefits obligation	212	202	151

United Nations Joint Staff Pension Fund

96. The Regulations of the United Nations Joint Staff Pension Fund state that the Pension Board shall have an actuarial valuation made of the Fund at least once every three years by the consulting actuary. The practice of the Pension Board has been to carry out an actuarial valuation every two years using the open group aggregate method. The primary purpose of the actuarial valuation is to determine whether the current and estimated future assets of the Pension Fund will be sufficient to meet its liabilities.

97. The escrow account's financial obligation to the Pension Fund consists of its mandated contribution, at the rate established by the General Assembly (currently 7.90 per cent for participants and 15.80 per cent for member organizations), together with any share of any actuarial deficiency payments under article 26 of the Regulations of the Pension Fund. Such deficiency payments are only payable if and when the General Assembly has invoked the provision of article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Pension Fund as at the valuation date. Each member organization shall contribute to this deficiency an amount proportionate to the total contributions that each paid during the three years preceding the valuation date.

98. The actuarial valuation performed as at 31 December 2013 revealed an actuarial deficit of 0.72 per cent of pensionable remuneration (compared with 1.87 per cent in the 2011 valuation), implying that the theoretical contribution rate required to achieve balance as at 31 December 2013 was 24.42 per cent of pensionable remuneration, compared to the actual contribution rate of 23.70 per cent. The next actuarial valuation will be conducted as at 31 December 2015.

99. As at 31 December 2013, the funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments, was 127.50 per cent (compared with 130.00 per cent in the 2011 valuation). The funded ratio was 91.20 per cent (compared with 86.20 per cent in the 2011 valuation) when the current system of pension adjustments was taken into account.

100. After assessing the actuarial sufficiency of the Pension Fund, the consulting actuary concluded that there was no requirement as at 31 December 2013 for deficiency payments under article 26 of the Regulations of the Pension Fund given

that the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the Fund. In addition, the market value of assets also exceeded the actuarial value of all accrued liabilities as at the valuation date. At the time of reporting, the General Assembly has not invoked the provision of article 26.

101. In December 2012 and April 2013, respectively, the General Assembly authorized an increase to 65 years in the normal retirement age and the mandatory age of separation for new participants in the Pension Fund, effective from 1 January 2014. The related change to the Regulations of the Fund was approved by the General Assembly in December 2013. The increase in the normal retirement age is reflected in the actuarial valuation of the Fund as at 31 December 2013. The Board of Auditors carries out an annual audit of the Pension Fund and reports to the Pension Board on the audit every year. The Pension Fund publishes quarterly reports on its investments, which can be viewed on the Fund's website (www.unjspf.org).

Note 9
Net assets

102. Net assets, which amounted to $151.6 million as at 31 December 2014, represent the residual interest in the assets of the escrow account after the deduction of all liabilities. The financial statements reflect aggregation of two funds, the administration fund and the indemnification reserve fund (see note 5).

Note 10
Expenses

103. Expenses include $0.1 million for the Office of the Independent Inquiry Committee to support the investigations and proceedings of Member States related to the oil-for-food programme and $0.7 million for the termination of residual activities of that programme.

Note 11
Related parties

Key management personnel

104. Key management personnel are those with the ability to exercise significant influence over financial and operating decisions of the escrow account and comprise the Secretary-General, the Deputy Secretary-General and officials at the Under-Secretary-General and Assistant Secretary-General levels in the Department of Management, United Nations Secretariat.

105. During the year, the escrow account paid no remuneration or other benefits to key management personnel or close family members. As at the reporting date, there were no advances or loans issued to key management personnel from the escrow account.

Note 12
Contingent liabilities and contingent assets

106. In the normal course of operations, the escrow account may be subject to claims which can be categorized as (a) corporate and commercial; (b) administrative

la·v; and (c) other (e.g. guarantees). As at the reporting date, the escrow account had no such contingent liabilities and no contingent assets.

107. In accordance with Security Council resolution 1958 (2010), the Secretariat is negotiating an agreement with the Government of Iraq under which the Government would provide appropriate indemnification to the United Nations, its representatives, agents and independent contractors with regard to all activities undertaken in connection with the oil-for-food programme since its inception. Under the agreement, the Government of Iraq would also agree to provide a waiver of any future claims that it may have against the United Nations, its representatives, agents and independent contractors with regard to all activities undertaken in connection with the oil-for-food programme since its inception.

Note 13
Events after the reporting date

108. No material events, favourable or unfavourable, have occurred between the date of the financial statements and the date when the financial statements were authorized for issue that would have had a material impact on these statements.